THE MINISTER OF CONSUMER AFFAIRS, FOOD AND PUBLIC DISTRIBUTION (SHRI SHANTA KUMAR): (a) The Government is aware of the high level of sugar stocks held by sugar factories in the country including the factories located in the State of Karnataka.

(b) Yes, Sir.

(c) In order to reduce sugar stocks, the Government is, *inter alia*, encouraging the export of sugar. The following measures have been taken in this regard:

(i) Levy Exemption has been given on the quantity of sugar exported.

(ii) The quantity of sugar exported is treated as advance freesale release and is adjusted after a period of 12 months from the date of release.

(iii) Duty Entitlement Pass Book (DEPB) @5% value of f.o.b. price of sugar has been allowed.

(iv) Quantitative ceiling on the export of sugar has been removed.

(v) Requirement of Registration-cum-Allocation Certificate from the Agricultural & Processed Food Export Development Authority (APEDA) has been dispensed with effect from 1.4.2001.

(vi) State Governments of the major sugar producing States have been requested to give remission in purchase tax on sugarcane on the quantity of sugar exported.

The sugar factories have been provided temporary relief by way of permitting them to sell equivalent quantity of unlifted levy sugar stocks as freesale sugar in the open market. During the current sugar season, out of 1,25,955.6 MTs. of unlifted levy sugar stocks so far permitted to be sold as freesale sugar, the share of the sugar factories in Karnataka works out to 48,803.6 MTs.

Advance releases of freesale sugar have been made, subject to adjustment and 5% levy obligations, to needy sugar mills to enable them to clear cane price dues of the farmers and to reduce their stocks.

Regional Imbalances in I.T. Sector

*454. SHRI SANTOSH BAGRODIA: Will the Minister of INFORMATION TECHNOLOGY be pleased to state:

(a) whether it is a fact that in the field of information technology, Northern States are far behind the Southern States;

(b) if so, the details thereof; and

(c) what steps are being taken by Government to remove this regional imbalance by promoting information technology in Northern States?

THE MINISTER OF INFORMATION TECHNOLOGY (SHRI PRAMOD MAHAJAN): (a) and (b) In absence of an established criterion for assessment of performance and procedure for its normalization in the field of Information Technology, it is difficult to rank one region in comparison to another. If revenue earned through Software Export is taken as a yardstick (Software Export Industry forms the largest constituent of the Indian IT Industry), some States might appear somewhat backward as compared to others. A list of State-wise Software Exports from industrial units under Software Technology Park of India during year 2000-01 is given in Statement-I (*See* below)

(c) Steps taken by the Government to promote the IT industry are given at Statement II.

Statement-I

State-wise Software Exports through STPI for Year 2000-2001

Name of the State	Rs. in Crores
Andhra Pradesh	2017
Delhi	1100
Gujarat	102
Haryana	1450
Karnataka	7475
Kerala	141
Maharashtra	2570
Madhya Pradesh	50
Orissa	200
Punjab	50
Rajasthan	30
Tamil Nadu	2956
Uttar Pradesh	1660
West Bengal	250
TOTAL:	**20051**

Statement-II

Incentives to IT Sector

1. Export Promotion Capital Goods scheme (EPCG) has been rationalised and extended uniformlly to all sectors without any threshold limit on payment of 5% duty.

2. Approvals for all foreign direct investment proposals relating to the Information Technology sector, with the exception of Business-to-consumer (B2C) e-commerce are under the automatic route.

3. Powers of approval of the Designated Officers of MIT for implementation of STP and EHTP schemes have been further enhanced up to US$ 20 million.

4. DTA access upto 50% of the FOB value of export is permitted for electronic hardware units under EOU/EPZ/EHTP schemes and the software units under EOU/EPZ/STP schemes. Broadbanding is permitted in the DTA sales of Hardware units for items covered in the Letter of Permission.

5. Accelerated depreciation norms for computers and computer peripherals for electronic units under Export-Oriented schemes (EOU/EPZ/STP/EHTP) have been enhanced. These shall stand depreciated to overall limit of 90% over a period of 3 years instead of around 5 years earlier.

6. Special Economic Zones are being set up to enable hassle free manufacturing and trading for export purposes.

7. Value addition norms for rupee exports to Russia reduced from 100% to 33% under Advance Licensing Scheme.

8. In the Budget 2001-02, the peak rate of customs duty continues @35%. Customs duty surcharge @ 10% has been abolished on all imports, in general but Special Additional Duty (SAD) @ 4% continues on all imports, except specific exemptions. In the 2000-01 Budget, Customs duty on Computers and Peripherals had been reduced from 20% to 15% and continues to be same. The Customs duty on all storage devices, integrated circuits, microprocessors, data display tubes and deflection components of colour monitors also continues at 0%. In the 2001-02 Budget, Customs duty on Information

Technology Agreement (ITA-1) items of WTO (IT and Telecom products) has been reduced from existing 20-25% to 15%. The concessional rate of customs duty for specified raw materials for the electronics industry continues. Customs duty on parts of Telecom reduced to 5%. 32 items (additional) of Capital Goods allowed at a concessional duty of 5% for the manufacture of semiconductors.

9. In the Budget 2001-02, the Central Excise duty structure has been rationalised from multiple rates to single rate of 16% and single rate of Special Excise Duty (SED) @ 16%.

10. Information Technology Software is exempted from Customs and Excise Duty.

11. EOU/EPZ/STP/EHTP units are exempted from payment of Income Tax on export profits, upto 2010, in terms of Sections 10A and 10B of the Income Tax Act.

12. Exemption of withholding tax on interest on External Commercial Borrowings (ECBs) has been extended to the IT sector.

13. Definition of Computer Software, as in Section 80 HHE of the Income Tax Act has been widened to include transmission of data.

14. Benefit of Section 80 HHE is available to supporting software developers.

15. Income by way of dividends or long-term capital gains of a Venture Capital Fund or Venture Capital company from investment made by way of equity shares in a Venture Capital Undertaking, which has been expanded to include the Software and IT sectors, will henceforth not be included in computing the total income.

16. To give thrust to Venture Capital finance, SEBI has been made the single point nodal agency for registration and regulation of both domestic and overseas venture capital funds.

17. There will be no tax on distributed or undistributed income of Venture Capital Funds. The income distributed by the VCFs will only be taxed in the hands of the investors at the rates applicable to the nature of the income. VCFs will continue to be eligible for exemption even if the shares of the VC undertaking in which the VCFs have made the initial investment are subsequently listed in a recognised stock exchange in India.

18. Under policy on portfolio investment, Foreign Institutional Investors (FIIs) are permitted to invest in a company upto an aggregate of 24% of equity shares, extendable upto 40% subject to approvals. This limit has been raised from 40% to 49% in the Budget 2001-02.

19. Under the Employee Stock Option Scheme, income tax payable on income from GDRs purchased in foreign currency by a resident employee of IT software and service companies, shall be at a concessional rate of 10%.

20. Tax holiday under provisions of Section 80-IA (Infrastructure Status) has been extended to Internet Service Providers (ISPs) and Broadband Network providers.

21. Two-way fungibility has been permitted for ADRs/GDRs. Local shares can now be reconverted in to ADRs/GDRs, subejct to sectoral caps.

22. To induce more investment for R&D activities, a weighted deduction of 125% on the sums paid to any university, college or an institution or a Scientific research association for the purposes of scientific, social or statistical research has been provided.

23. Information Technology Act 2000 has been enacted. This act deals with Cyber Security, Cyber Crime and other information security related legal aspects. This will encourage expansion of e-commerce through internet.

Revival of sugar trade with Pakistan

*455. SHRI K. KALAVENKATA RAO: Will the Minister of CONSUMER AFFAIRS, FOOD AND PUBLIC DISTRIBUTION be pleased to state:

(a) the approximate prices of sugar in India and Pakistan; and

(b) the action taken to negotiate for revival of sugar trade with Pakistan?

THE MINISTER OF CONSUMER AFFAIRS, FOOD AND PUBLIC DISTRIBUTION (SHRI SHANTA KUMAR): (a) According to available information, the price of sugar in Lahore Akbari Market of Pakistan was Rs. 2400/2500 (Pakistani Rupees) per quintal as on 8th August, 2001, while the wholesale price of S-30 grade of sugar in four principal markets in India, viz., Delhi, Kolkatta, Mumbai and Chennai, as on 6th August, 2001 was in the range of Rs. 1370-Rs. 1580 per quintal.